



# LEGISLATIVE BUDGET BOARD

## **Base Reconciliation Instructions 2018–19 Biennium**

**Instructions for State Agencies,  
Appellate Courts, and Institutions of Higher Education  
for the Eighty-sixth Legislature, Regular Session**

LEGISLATIVE BUDGET BOARD STAFF  
GOVERNOR'S OFFICE, BUDGET DIVISION



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# INTRODUCTION

The base reconciliation process enables state agencies, appellate courts, and public institutions of higher education (agencies) to reconcile their original appropriations by method of finance and full-time-equivalent (FTE) positions to the final fiscal year 2017 expended, the fiscal year 2018 estimated, and the fiscal year 2019 budgeted amounts.

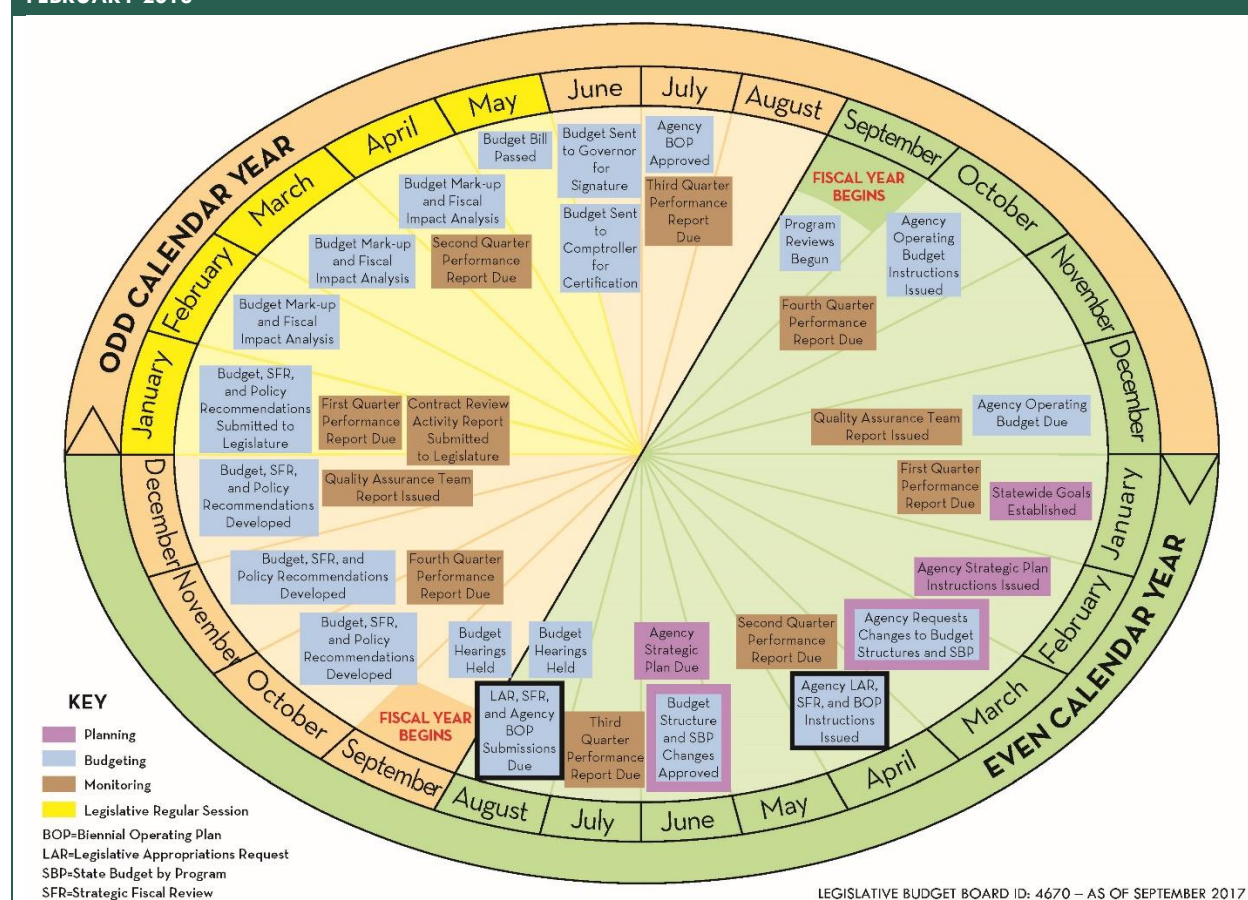
The 2018–19 Base Reconciliation approved by Legislative Budget Board (LBB) staff and the Office of the Governor, Budget Division, staff will become the basis for the General Revenue Funds and General Revenue–Dedicated Funds limits funding provided to state agencies for preparing their baseline requests for the 2020–21 biennium. The 2018–19 biennial base is the total of the estimated expenditures for fiscal year 2018 plus the budgeted expenditures for fiscal year 2019 for the agency’s General Revenue Funds and General Revenue–Dedicated Funds.

## STATE BUDGET CYCLE

Figure 1 shows the two-year state budget cycle, which may be subject to change. The portion of the cycle that pertains to the information in this document has a black border.

**FIGURE 1**

### TEXAS STRATEGIC PLANNING AND PERFORMANCE BUDGETING SYSTEM FEBRUARY 2018



SOURCE: Legislative Budget Board.



**PROCESS**

Agencies enter the Base Reconciliation directly into the LBB's Automated Budget and Evaluation System of Texas (ABEST). Each agency is required to submit a Base Reconciliation by method of finance. After receiving the base reconciliation, LBB and Office of the Governor, Budget Division, staff review each submission and raise any questions or concerns regarding appropriations and adjustments (Conference Committee Report on House Bill 1, Eighty-fourth Legislature, 2015, for fiscal year 2017; and Conference Committee Report on Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017, for fiscal years 2018 and 2019) with the staff of state agencies. These reports are available on the LBB website at [www.lbb.state.tx.us](http://www.lbb.state.tx.us) → Budget → All Budget Documents. In some cases, revisions to the reconciliation may be necessary to comply with legislative appropriation authority provided in the General Appropriations Acts (GAA) and other legislation affecting appropriations. In addition, agencies must reconcile the authorized FTE position cap to the amounts included in the State Auditor's Office report for fiscal year 2017 (i.e., the annual average position count), the fiscal year 2018 estimated, and fiscal year 2019 budgeted amounts. For each fiscal year, agencies must enter the number of positions in the expended, estimated, and budgeted fields of the ABEST screen that are funded entirely with Federal Funds and private gifts or grants. Agencies also must provide explanations for significant variances from amounts identified in the tables for method of finance and number of FTE positions in the General Appropriations Acts. If requested by either LBB or Governor's Budget Division staff, agencies may have to reconcile other budget-related items (e.g., capital budgets or estimated revenue collections) in a format specified by the LBB and the Governor's office.

After this process is complete, LBB and Budget Division staff approve the 2018–19 Base Reconciliation, which becomes the basis for the General Revenue Funds and General Revenue–Dedicated Funds limit provided to agencies for preparing their baseline requests for the 2020–21 biennium.

**SUBMISSION DATES**

The submission dates are approximately two and one-half months before an agency's tentative Legislative Appropriations Request (LAR) submission date. See the 2018–19 Base Reconciliation Submission Schedule on the LBB website at <http://www.lbb.state.tx.us> → Agencies Portal → Instructions → Base Reconciliation → Submission Schedule.

## ONLINE RESOURCES FOR BASE RECONCILIATION

RESOURCE	LOCATION
Base Reconciliation Instructions for the 2018–19 biennium	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Instructions → Base Reconciliation → Base Reconciliation Instructions for 2018–19
Base Reconciliation Submission Schedule	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Instructions → Base Reconciliation → Base Reconciliation Submission Schedule for Fiscal Years 2018–19
Base Reconciliation Example	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Instructions → Base Reconciliation → Base Reconciliation Example for Fiscal Years 2018–19
ABEST Instructions	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Instructions → Base Reconciliation → Preparing and Submitting Base Reconciliation in ABEST
Conference Committee Report on House Bill 1, Eighty-fourth Legislature, 2015	<a href="http://www.lbb.state.tx.us/Documents/Appropriations_Bills/84/HB1-Conference_Committee_Report_84.pdf">www.lbb.state.tx.us/Documents/Appropriations_Bills/84/HB1-Conference_Committee_Report_84.pdf</a>
House Bill 2, Eighty-fourth Legislature, 2015 (Supplemental Appropriations)	<a href="http://www.lbb.state.tx.us/Documents/Appropriations_Bills/84/HB2_3-24-2015.pdf">www.lbb.state.tx.us/Documents/Appropriations_Bills/84/HB2_3-24-2015.pdf</a>
House Bill 6, Eighty-fourth Legislature, 2015 (Funds Consolidation)	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&amp;Bill=HB6">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&amp;Bill=HB6</a>
House Bill 7, Eighty-fourth Legislature, 2015 (Fiscal Matters)	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&amp;Bill=HB7">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&amp;Bill=HB7</a>
Senate Bill 1280, Eighty-fourth Legislature, 2015 (Miscellaneous Claims)	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&amp;Bill=SB1280">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=84R&amp;Bill=SB1280</a>
Conference Committee Report on Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017	<a href="http://www.lbb.state.tx.us/Documents/Appropriations_Bills/85/Conference_Bills/SB1_Conference_Bill.pdf">www.lbb.state.tx.us/Documents/Appropriations_Bills/85/Conference_Bills/SB1_Conference_Bill.pdf</a>
House Bill 2, Eighty-fifth Legislature, Regular Session, 2017 (Supplemental Appropriations)	<a href="http://www.lbb.state.tx.us/Documents/Appropriations_Bills/85/Conference_Bills/HB00002F.pdf">www.lbb.state.tx.us/Documents/Appropriations_Bills/85/Conference_Bills/HB00002F.pdf</a>
House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=85R&amp;Bill=HB3849">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=85R&amp;Bill=HB3849</a>
House Bill 3765, Eighty-fifth Legislature, Regular Session, 2017 (Miscellaneous Claims)	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=85R&amp;Bill=HB3765">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=85R&amp;Bill=HB3765</a>
House Bill 21, Eighty-fifth Legislature, First Called Session, 2017	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=851&amp;Bill=HB21">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=851&amp;Bill=HB21</a>

House Bill 30, Eighty-fifth Legislature, First Called Session, 2017	<a href="http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=851&amp;Bill=HB30">www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=851&amp;Bill=HB30</a>
Governor's Veto Proclamations	House Bill 1: <a href="http://www.lrl.state.tx.us/scanned/vetoes/84/HB1.pdf">www.lrl.state.tx.us/scanned/vetoes/84/HB1.pdf</a>  Senate Bill 1: <a href="http://www.lrl.state.tx.us/scanned/vetoes/85/SB1.pdf">www.lrl.state.tx.us/scanned/vetoes/85/SB1.pdf</a>
Operating Budget Instructions	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Data Entry Applications → Operating Budget Instructions → Fiscal Year 2018 Operating Budget Instructions for Executive and Administrative Agencies, Appellate Courts, and Judicial Branch Agencies
Method of Financing Codes	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Reference Documents → ABEST → Method of Finance Codes
Revenue Object Codes	<a href="http://www.lbb.state.tx.us/Agencies_Portal.aspx">www.lbb.state.tx.us/Agencies_Portal.aspx</a> → Reference Documents → ABEST → Revenue Object Codes

## HIGHLIGHTS AND WHAT'S NEW

These instructions are similar to those used for preparing the 2016–17 biennial Base Reconciliations. Please see the following notable highlights and differences:

- Use MOF Code 8000 (Other Funds) to report grant funds received from the Trusteed Programs within the Office of the Governor. These funds include any grant received pursuant to the Eighty-fifth Legislature, General Appropriations Act (GAA), 2018–19 Biennium, Article I, Trusteed Programs within the Office of the Governor, Rider 2, Disaster and Deficiency Grants, which should be cited as the authority for these funds. MOF Code 8000 is also required to report any funds received from Trusteed Programs when the sources were the emergency appropriations made available by the 2018–19 GAA, Article I, Trusteed Programs, Rider 3, Governor's Emergency Appropriations, which is the authority to cite for these funds. Entries reported as a Governor's Disaster/Deficiency/Emergency Grant (GV) will be treated similarly to Interagency Contracts for budget summary purposes.
- Hurricane Harvey FEMA Public Assistance Program. Agencies receiving Federal Emergency Management Agency (FEMA) Public Assistance funding for Hurricane Harvey response and recovery activities should use the Catalog of Federal Domestic Assistance (CFDA) number 97.036.002 Hurricane Harvey Public Assistance Grants. Activities may include the following: debris removal; emergency protective measures; or the repair, replacement, or restoration of disaster-damaged, publicly owned facilities. Please report all other grants and reimbursements for the disaster with the standard CFDA category for each program;
- Fund Transfers. Funds transferred pursuant to House Bill 21, Eighty-fifth Legislature, First Called Session, 2017, and House Bill 30, Eighty-fifth Legislature, First Called Session, 2017, should be identified as transfers, not supplemental or special appropriations;
- Hiring Freeze. Lapsed appropriations and unfilled full-time-equivalent positions attributable to the Governor's hiring freeze in fiscal year 2017 should be shown separately from other applicable lapses with the description Savings Due to Hiring Freeze;
- Centralized Accounting and Payroll/Personnel System (CAPPS). Agencies utilizing or deploying onto the Texas Comptroller of Public Accounts' (CPA) statewide enterprise resource planning (ERP) system, known as CAPPS, are required to identify CAPPS-related expenditures using Capital Expenditure Category Code 8000 when preparing the Capital Budget Project Schedule. Agencies transitioning to or implementing CAPPS as a hub agency, such as the Texas Department of Transportation and Health and Human Services Commission, also should identify related



expenditures in accordance with this schedule. Other considerations include the following:

- all CAPPs costs, including ongoing maintenance, should be identified appropriately as either capital expenses within Capital Expenditure Category Code 8000, including salaries and other staffing costs;
  - agencies that receive appropriations in the Eighty-fourth Legislature, General Appropriations Act (GAA), 2016–17 Biennium, Article IX, §18.03, for costs related to CAPPs deployment should show this adjustment as a rider appropriation citing Article IX, §18.03, in the ABEST selection menu, which can be found in a drop-down box; and
  - as a reminder, agencies that make payments to CPA for converted PeopleSoft licenses used for internal accounting systems should identify these costs in Capital Budget Project Schedules;
- Payroll Contribution for Group Health Insurance and Additional Payroll Contribution for Retirement Contribution. The payroll contribution for Group Health Insurance, pursuant to the Eighty-fourth Texas Legislature, 2016–17 GAA, Article IX, §17.04, and 2018–19 GAA, Article IX, §17.03, and the retirement contribution, pursuant to the 2016–17 GAA, Article IX, §17.08, and 2018–19 GAA, Article IX, §17.06, should be treated as expenditures and not transfers. Accordingly, they should not be shown as appropriations adjustments in the base reconciliation. Instead, for contributions pursuant to these provisions, agencies should use Objects of Expense 2009. Please contact your LBB or Governor's Office, Budget Division, analyst if you have additional questions;
- Relevant Legislation for Fiscal Year 2018. Consistent with the approach taken in previous years, agencies should adjust the fiscal year 2018 appropriated amounts, as shown in the Conference Committee Report on Senate Bill 1, Eighty-fifth Legislature, Regular Session, May 2017. The report is available on the LBB website. Agencies should adjust amounts for the following:
  - House Bill 2, Eighty-fifth Legislature, Regular Session, 2017;
  - House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017;
  - House Bill 21, Eighty-fifth Legislature, First Called Session, 2017;
  - House Bill 30, Eighty-fifth Legislature, First Called Session, 2017; and
  - Governor's Veto Proclamation reductions;
- Transferred Programs. Historical expenditures for programs and functions transferred between agencies should be shown at the agency in which the expenditure actually was made. Agencies receiving a transferred program or function should not re-create historical expenditures for a transferred program as if the program had existed at the receiving agency during those years; and
- Salary Increase for State Employees. Appropriation changes for 2016–17 GAA, Article IX, §18.02, Appropriation for Salary Increases for General State Employees, and Article IX, §17.05, Appropriation for Salary Increases for Certain State Employees in Salary Schedule C, should be listed as transfers. Appropriation adjustments have been added to the ABEST selection menu in a drop-down box for all agencies.

# STEP-BY-STEP GUIDELINES

## IDENTIFY REGULAR APPROPRIATIONS FOR EACH METHOD OF FINANCE BY CATEGORY OF FUND

Regular Appropriations are the original amounts included in an agency's method of finance (MOF) table in the General Appropriations Act (i.e., commonly called above-the-line amounts exclusive of rider appropriations and other appropriations not included in bill pattern strategies). Enter the Regular Appropriation identified in the Method of Finance section of the agency's bill pattern from the relevant appropriations bill, as discussed subsequently, for each fund or account, within the appropriate fund category (General Revenue Funds, General Revenue–Dedicated Funds, Other Funds, and Federal Funds). Separately reconcile each fund or account within a fund category. Several funds or accounts could be placed within each category (e.g., General Revenue Funds and General Revenue Funds Match for Medicaid).

Subsequent entries, or adjustments, must reflect increases or decreases to the Regular Appropriation amounts. Select or enter the correct authority for each adjustment within the Summary Description field in ABEST.

Sources for determining Regular Appropriation amounts are as follows:

- for fiscal year 2017, use amounts identified in the method of financing table in the Conference Committee Report on House Bill 1, Eighty-fourth Legislature, May 2015; and
- for fiscal years 2018 and 2019, use amounts identified in the method of financing table from the Conference Committee Report on Senate Bill 1, Eighty-fifth Legislature, Regular Session, May 2017.

Information for properly identifying the Method of Financing and Revenue Object Codes is available at [www.lbb.state.tx.us/Agencies\\_Portal.aspx](http://www.lbb.state.tx.us/Agencies_Portal.aspx) → Reference Documents → ABEST → Method of Finance Codes.

### IMPORTANT

For each method of finance, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eighty-fourth Legislature, 2015, for fiscal year 2017, and from the Conference Committee Report on Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017, for fiscal years 2018 and 2019. Both Conference Committee Reports can be found on the LBB website ([www.lbb.state.tx.us](http://www.lbb.state.tx.us) → Budget → All Budget Documents).

Some additional considerations include:

- start the reconciliation with the exact Regular Appropriation amount, including estimated appropriations, for each MOF for each fiscal year; do not net out any adjustments to amounts reported as Regular Appropriations;
- do not include amounts labeled Other Direct and Indirect Costs Appropriated Elsewhere in this Act;
- use current fund and account numbers and names. Some of the funds and accounts shown in the GAA might be outdated. For example, some funds identified as General Revenue–Dedicated Accounts in the GAA may not have been exempted from funds consolidation by other legislation. Refer to House Bill 6, Eighty-fourth Legislature, 2015, and House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017, for a complete listing of General Revenue–Dedicated Funds accounts for fiscal years 2015, 2016, and 2017; and

- do not use fund names, account names, or account numbers that are not included in the ABEST classification system for the budget cycle. Do not use labels or codes from an internal accounting system, Comptroller of Public Accounts' Uniform Statewide Accounting System (USAS) classification, or a previous budget cycle. Do not use Undistributed MOF as a code. Fund and account classifications for the 2016–17 and 2018–19 biennia are available at [www.lbb.state.tx.us/Agencies\\_Portal.aspx](http://www.lbb.state.tx.us/Agencies_Portal.aspx) → Reference Documents → ABEST → Method of Finance Codes.

### **CATEGORIES OF FUNDS**

ABEST uses four categories of funds: General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. Method of Financing Codes assigns each MOF code to a particular category of fund, and ABEST sums amounts in the base reconciliation by category of fund.

#### **GENERAL REVENUE FUNDS**

General Revenue Funds include all nondedicated General Revenue Funds and accounts, and Earned Federal Funds.

- Earned Federal Funds include funds received as a reimbursement for previous expenditures and all Federal Funds received in connection with a federally funded program are treated as General Revenue when the governing agreement does not require the funds to be spent on that program. Earned Federal Funds include, but are not limited to, indirect cost receipts and interest earned on advances of Federal Funds; and
- Tobacco Settlement Receipts require the appropriate MOF codes for funds received as tobacco settlement receipts that are not dedicated.

#### **GENERAL REVENUE–DEDICATED FUNDS**

General Revenue–Dedicated Funds include all dedicated General Revenue Funds accounts. The MOF codes on the LBB website incorporate changes made by House Bill 6, Eighty-fourth Legislature, 2015, and House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017, and provide a complete listing of the General Revenue–Dedicated Funds accounts. The MOF codes are available at [www.lbb.state.tx.us/Agencies\\_Portal.aspx](http://www.lbb.state.tx.us/Agencies_Portal.aspx) → Reference Documents → ABEST → Method of Finance Codes.

#### **FEDERAL FUNDS**

Federal Funds include all revenue received from the federal government that is not classified as Earned Federal Funds. The MOF code for most Federal Funds is 0555. Federal reimbursements related to natural disasters should be shown as Federal Funds.

### **IMPORTANT**

For all Federal Funds method of finance codes, ABEST requires agencies to enter data at the federal program level using numbers assigned by the Catalog of Federal Domestic Assistance (CFDA). If a CFDA number is not shown in ABEST, email [cfda@lbb.state.tx.us](mailto:cfda@lbb.state.tx.us).

#### **OTHER FUNDS**

Other Funds include Appropriated Receipts, Interagency Contract revenue, bond proceeds, and certain constitutionally or statutorily dedicated funds. These funds should be itemized using MOF codes from Method of Financing Codes at [www.lbb.state.tx.us/Agencies\\_Portal.aspx](http://www.lbb.state.tx.us/Agencies_Portal.aspx) → Reference Documents → ABEST → Method of Finance Codes:

- Appropriated Receipts include all receipts—such as fees, reimbursements, and other revenue—received for an authorized service and appropriated to the agency, usually to offset costs of providing the service. The MOF code for Appropriated Receipts is 0666.

Appropriated Receipts should be organized by specific appropriation authority, such as Eighty-fifth Legislature, General Appropriations Act (GAA), 2018–19 Biennium, Article IX, Section 8.02, Reimbursements and Payments; Section 8.03, Surplus Property; Section 8.07, Appropriation of Collections for Seminars and Conferences; or other relevant authority;

- Interagency Contracts include funds received from another state agency in exchange for services, material, or equipment through a written agreement. Unless directed otherwise by the budget offices, these funds do not include transfer of funds from another state agency due to enactment of legislation that transfers programs. The MOF code for Interagency Contracts is typically 0777.

The MOF section in the Summary of Budget by Method of Finance should show the source of funds applicable to the fiscal year for which the amount was appropriated. An agency purchasing goods or services from another state entity uses the original MOF (General Revenue Funds, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses Interagency Contracts as the method of financing.

Agencies receiving criminal justice grants from the Truett Programs within the Office of the Governor, regardless of the original funding source, should identify those funds using MOF code 0444, Criminal Justice Grants, which are considered a type of Interagency Contract. Agencies should explain in the comments section the amount, purpose, and original funding source of each criminal justice grant; and

- Bond proceeds include appropriated funds from authorized General Obligation or revenue bond issuances. Agencies appropriated bond proceeds for new construction, rehabilitation, and repair projects may be required to submit supplemental information on budgeted projects, including project categories and descriptions. Examples include water and wastewater improvements, deferred maintenance, locations, and timelines.

### IDENTIFY RIDER APPROPRIATIONS

Rider appropriations include amounts that are not already specifically itemized in the agency's MOF table in the GAA, but which are appropriated to the agency by a general, special, or agency-specific provision of a GAA. General Provisions are in Article IX of the GAA; Special Provisions are at the end of some articles; and agency-specific provisions (riders) are at the end of the agency's bill pattern.

For each fund or account, enter each rider appropriation made by the GAA for the agency. Each entry should show the amount stated in the rider as the sum-certain or estimated amount. Subsequent entries, or adjustments, must show increases or decreases to the original rider amount. Enter the correct citation for each rider amount and adjustment. Note that the reference number for a rider in the GAA for one biennium may be different from the corresponding rider in the GAA for the next biennium.

Additional considerations include the following:

- some riders provide estimated appropriation authority for revenue collections or unexpended balances. If the actual amounts are greater than or less than the amount stated in the rider, show the incremental difference as a separate entry. If multiple revisions to an estimate result from different events, list each revision separately and show the same rider authorization for each. Show appropriation reductions due to uncollected revenue as either an appropriations lapse or a revised receipt in another appropriation type;
- in addition to riders in agency bill patterns, several provisions in the GAA, Article IX, authorize agencies to increase or decrease appropriations. Examples of the most commonly used provisions

to show adjustments to original appropriations include: Article IX, Federal Funds, and Article IX, Reimbursements and Payments, in the 2016–17 GAA and the 2018–19 GAA;

- use caution when identifying appropriation adjustments related to a Capital Budget rider. Amounts shown in capital budgets are included in the agency’s Method of Finance, and adjustments, therefore, must be identified as additional appropriations. However, agencies may be authorized to carry forward unspent appropriations for a Capital Budget item. For example, Article IX, Section 14.03, Limitation on Expenditures—Capital Budget (2016–17 GAA and 2018–19 GAA), enables agencies to carry forward unspent Capital Budget amounts from the first to the second year of the biennium. Capital Budget riders in agency bill patterns may provide other authority for Capital Budget adjustments or may contain restrictions on that authority;
- in cases when an appropriation is contingent upon certification by the Texas Comptroller of Public Accounts (CPA), include only the certified amount. If the entire appropriation is not certified, include the appropriation stated in the rider, then show a negative entry for the amount not certified. Note that the appropriation related to the certification might be included in the Regular Appropriation in the method of financing table. In these instances, do not enter the amount as a rider appropriation because the result will double-count the appropriation; and
- additionally, amounts appropriated to several agencies in the 2016–17 GAA, Article IX, Section 18.03, Centralized Accounting and Payroll/Personnel System Deployments, should be shown as a rider appropriation.

#### REMINDER: EARNED FEDERAL FUNDS

Pursuant to the 2016–17 and 2018–19 General Appropriations Acts (GAA), Article IX, §13.11, Earned Federal Funds are classified as collected revenue to the General Revenue Fund and included as part of the method of finance Code 001. See Article IX, §13.11(b), for the amount of General Revenue Funds appropriations contingent on the collection of Earned Federal Funds by agency. The estimated appropriation authority and unexpended balance (UB) authority for expenditure of Earned Federal Funds is provided by Article IX, §13.11. Affected agencies should identify the incremental amount of Earned Federal Funds greater than the amounts estimated for fiscal years 2017, 2018, and 2019 in Article IX, Section 13.11(b) as rider appropriations within the General Revenue Funds method of finance. Reductions due to uncollected revenue should be shown as an appropriation lapse. Show any unspent, unobligated funds in fiscal year 2018 as unexpended balances carried forward into fiscal year 2019 as a rider appropriation. Affected agencies receiving additional appropriation authority via this provision should review and comply with the notification and reporting requirements contained in Article IX, Section 13.11(c).

#### IDENTIFY SUPPLEMENTAL OR SPECIAL APPROPRIATIONS

For each fund or account, enter appropriation amounts made specifically by legislation other than the GAA. Subsequent entries, or adjustments, must show increases or decreases to the original supplemental or special appropriations amount. Select or enter the correct authority for each adjustment within the Summary Description field in ABEST.

Supplemental or special appropriations include, but are not limited to the following:

- House Bill 2, Eighty-fourth Legislature, 2015; and
- House Bill 2, Eighty-fifth Legislature, Regular Session, 2017.

Appropriations referenced in the Governor’s Veto Proclamation should show their status in CPA’s USAS and should be shown as reductions as appropriate. Therefore, amounts related to the Governor’s vetoes must be negative entries in this category.

**IDENTIFY GOVERNOR'S DISASTER/DEFICIENCY/EMERGENCY GRANTS**

Use MOF Code 8000 (Other Funds) to report grant funds received from the Trusteed Programs within the Office of the Governor. These funds include any grant received pursuant to the Eighty-fifth Legislature, General Appropriations Act (GAA), 2018–19 Biennium, Article I, Trusteed Programs within the Office of the Governor, Rider 2, Disaster and Deficiency Grants, which should be cited as the authority for these funds. MOF Code 8000 is also required to report any funds received from Trusteed Programs when the sources were the emergency appropriations made available by the 2018–19 GAA, Article I, Trusteed Programs, Rider 3, Governor's Emergency Appropriations, which is the authority to cite for these funds. Entries reported as a Governor's Disaster/Deficiency/Emergency Grant (GV) will be treated similarly to Interagency Contracts for budget summary purposes.

**IDENTIFY TRANSFERS TO OR FROM THE AGENCY**

For each fund and account, enter transfers affecting the agency. Indicate funds received as a positive entry and funds transferred as a negative entry. Separately identify each transfer by authority and amount. All subsequent entries or adjustments must show increases or decreases to the original transfer amount. Transfers include funds transferred to the agency for expenditure by the agency (positive entry), and funds transferred from the agency for expenditure by another agency (negative entry). These transfers may be pursuant to a provision in the GAA, a budget execution order, or other statutory authority relating to the transfer of programs and funds between agencies. Transfers also may include appropriation increases or decreases required by legislation and Article IX provisions.

Both the receiving agency and the transferring agency should identify expenditures and budgeted amounts, including FTE positions, for transferred programs only for the years or portion of a year in which program funds were transferred. The receiving agency reports expenditures and budgeted amounts associated with transferred programs and related FTE positions. Both the transferring agency and the receiving agency should report the authorization for the program transfer. Program expenditures during years before the transfer should be shown at the agency that made the expenditures; receiving agencies should not re-create historical expenditures for a transferred program as if the program had existed at the receiving agency during those years. This direction applies to transferred programs for which appropriations are transferred between agencies, and to programs for which appropriations were made directing to the receiving agency. Classify the following as transfers:

- funds transferred pursuant to House Bill 21, Eighty-fifth Legislature, First Called Session, 2017, and House Bill 30, Eighty-fifth Legislature, First Called Session, 2017;
- budget reductions related to efficient use of state-owned and state-leased space, Article IX, Section 11.04 (2016–17 GAA and 2018–19 GAA), and lease savings, Article IX, Section 11.06 (2016–17 GAA and 2018–19 GAA);
- budget transfers authorized by contingency appropriation provisions; for example, 2016–17 GAA, Article IX, Section 18.56, Contingency Appropriation for Senate Bill 202 transfers the authority and appropriations for a particular program from one agency to another;
- employee salary increases authorized by 2016–17 GAA, Article IX, Section 18.02;
- funds transferred by a budget execution order; do not reference cases in which budget execution authority transfers funds between strategy items within the agency;
- disaster-related transfers authorized by Article IX, Section 14.04 (2016–17 GAA and 2018–19 GAA); and
- program transfers between agencies pursuant to legislation but not addressed in the GAA or other appropriation legislation.



Do not classify the following as transfers:

- benefit replacement pay and employee benefits (e.g., retirement, group insurance, Social Security) should not be included in the base reconciliation;
- the 50.0 percent reimbursement paid to the Texas Workforce Commission (TWC) for unemployment benefits, Article IX, Section 15.01 (2016–17 GAA and 2018–19 GAA) are payments made from agency appropriations and should be treated as expenditures at the strategy level; agencies that are required to reimburse TWC an additional 50.0 percent from unappropriated fund balances will show the additional 50.0 percent as a transfer;
- amounts transferred pursuant to the Statewide Cost Allocation Plan, Article IX, Section 15.04 (2016–17 GAA and 2018–19 GAA), when transferred from appropriated funds, should be treated as expenditures;
- amounts transferred to the Health Professions Council pursuant to Article VIII, Special Provisions Relating to All Regulatory Agencies, Section 3, Funding for Health Professions Council (2016–17 GAA and 2018–19 GAA), when transferred from appropriated funds, should be treated as expenditures;
- payroll contributions for group health insurance authorized by 2016–17 GAA, Article IX, Section 17.04, and 2018–19 GAA, Article IX, Section 17.03, when transferred from appropriated funds, should be treated as expenditures; and
- additional payroll contribution for retirement contribution pursuant to 2016–17 GAA, Article IX, Section 17.08, and 2018–19 GAA, Article IX, Section 17.06, when transferred from appropriated funds, should be treated as expenditures.

#### **IDENTIFY UNEXPENDED BALANCES AUTHORITY**

Unexpended balances (UB) are funds carried forward from a previous year's appropriation as authorized by a specific provision in the GAA, or other legislation or constitutional authority. See Article IX, Section 6.01 (2016–17 GAA and 2018–19 GAA), for a complete definition. Agencies should include unexpended balances by category of fund and indicate amounts unspent and unobligated as a negative entry in the first year and a corresponding positive entry in the following fiscal year. If UB authority is provided by a rider or Article IX provision, it should be cited as a Rider Appropriation as described previously. Otherwise, indicate the specific carry-forward authority, which typically is a designated MOF or strategy, and list it as a UB type of appropriation. Agencies with UB authority for bond proceeds must provide a reasonable estimate of unencumbered and unissued appropriation balances appropriated by previous Legislatures.

For each fund and account, enter amounts for Unexpended Balances carried forward and cite the authority for each UB for that MOF. Subsequent entries, or adjustments, must show increases or decreases to the original Unexpended Balance amount. Enter the correct citation for each adjustment.

#### **IDENTIFY BASE ADJUSTMENTS**

Examples of entries of this appropriation type include adjustments to estimated strategy appropriations or methods of finance due to revised revenue receipts, changes in spending demands, or other updates to reflect actual appropriated amounts. Note that entries of this type should not include estimated appropriations for which the authority to adjust the amount is explicitly granted by an agency-specific rider, General Provision, or Special Provision; those adjustments should be cited as a rider appropriation type.

#### **IDENTIFY APPROPRIATION LAPSES**

For each fund and account, identify appropriation lapses as a negative entry.

Lapsed appropriations are amounts left unspent and unobligated at the end of a fiscal year. Uncollected revenue may be shown as a lapse or a revised receipt in another appropriation type. Do not include amounts authorized as unexpended balances. Include amounts that have lapsed as a negative entry by each applicable MOF code. Report any anticipated lapses for fiscal years 2018 and 2019.

Lapsed appropriation attributable to the Governor's hiring freeze in fiscal year 2017 should be shown separately from other applicable lapses with the description Savings Due to Hiring Freeze and any other relevant information.

#### **IDENTIFY AUTHORIZED NUMBER OF FULL-TIME-EQUIVALENT POSITIONS**

Agencies are required to submit summary information regarding FTE positions. The FTE position information appears at the end of the Summary of Method of Finance; however, a separate ABEST data entry screen shows FTE position information.

The FTE position summary follows the same format described previously for MOFs regarding the source for Regular Appropriations: an agency's authorized FTE position cap as identified in the Conference Committee Report for House Bill 1 (May 2015) for fiscal year 2017, and the Conference Committee Report for Senate Bill 1 (May 2017) for fiscal years 2018 and 2019. Adjustments should be itemized following the Regular Appropriations by using the remaining categories of appropriation types (i.e., rider, transfer, etc.) and specific authority for each.

Unless specific legislative exceptions have been made for an agency, the total adjusted FTE positions reported as expended for fiscal year 2017 should equal the average of the four quarterly position amounts reported to the State Auditor's Office, Classification Division. The only exception would be for interagency position transfers due to program transfers. The reports are available online at [www.hr.sao.texas.gov](http://www.hr.sao.texas.gov) → Reports → Full-Time Equivalent State Employee System.

The following three additional categories of appropriation types are unique to FTE positions:

- Request to Exceed Adjustments show the incremental increase authorized by joint LBB and Office of the Governor, Budget Division, approval of a request to exceed the agency's FTE position cap. If more than one approval has been made to exceed the cap, list each increase separately. Approvals by the budget offices must be consistent to be effective. In the case of a difference between the positions approved by the two offices, the lower cap would be effective. Review both approval letters to determine if any differences appear between the budget offices;
- Unauthorized Number Over (Below) Cap is entered to show any difference between the agency's adjusted FTE position cap and the actual number of positions in completed fiscal years or budgeted positions in the current fiscal year after all authorized adjustments to an agency's cap have been entered; and
- Board or Administrator FTE Adjustments – Pursuant to Article IX, Section 6.10, Limitation on State Employment Levels (2016–17 GAA and 2018–19 GAA), without the written approval of the LBB or the Office of the Governor, Budget Division, a state agency or institution of higher education may increase its FTE position cap by the lesser of 50.0 positions or 10.0 percent of the position cap in its bill pattern. Show these adjustments as a rider appropriation and use the appropriate ABEST dropdown selection.

Additionally, Number of 100 Percent Federally Funded FTEs specifies the number of FTE positions that are included in the expended and budgeted position totals that are funded entirely with Federal Funds. These positions are entered on the separate ABEST data entry screen for each fiscal year. Note that these positions are not in addition to those entered in the summary of positions, but rather describe a portion of the total. Do not include FTE positions that are funded partially with Federal Funds in these totals.

**PROVIDE COMMENTS TO EXPLAIN ADJUSTMENTS TO THE REGULAR APPROPRIATIONS**

The comments section provides explanations for significant variances from the Regular Appropriations in the method of financing and FTE position tables and their related effects, if any, to agency operations.

Some additional considerations include:

- for changes in unexpended balances or estimated appropriations, explain the reason why amounts changed from the original amount allocated; also, provide information on how the funds will be used and what program areas are affected;
- for Federal Funds, explain whether the variance is due to changes in federal grants requirements or the availability of state funds for federal match requirements;
- regarding Appropriated Receipts or appropriations contingent on revenue collections, provide information for variances due to changes in fee collections, fee rates, or program service levels;
- for amounts appropriated by rider, explain how the funds were spent, such as specific programs and activities; in cases when the appropriations were not spent, explain the circumstances that prevented use of the funds;
- explain whether a lapse occurred due to insufficient revenue being generated to support appropriations, or whether appropriations were lapsed due to efficiencies in agency operations or delays in new program implementation; also, explain how the lapse in appropriations affected agency programs;
- discuss variances, if any, from the 2018 Operating Budget for Fiscal Year 2017 to the amounts in the 2018–19 biennial Base Reconciliation;
- discuss differences, if any, from Earned Federal Funds amounts reported in this Base Reconciliation to estimates in the 2016–17 GAA, Article IX, Section 13.11, and the 2018–19, GAA Article IX, Section 13.11; and
- if additional revenue was collected that the agency has authority to spend, explain why the actual revenue collections exceeded projections.

**CHECKLIST ITEMS**

- ☐ Do the method of financing and FTE positions reconcile to fiscal year 2017 and 2018–19 biennial method of financing tables and original authorized FTE position limits indicated in the Conference Committee Reports on House Bill 1 (May 2015) and Senate Bill 1 (May 2017)?
- ☐ Do actual, estimated, and budgeted expenditures and FTE positions for fiscal years 2017, 2018, and 2019 indicate all applicable Article IX and end-of-article Special Provisions, agency-specific riders, and vetoes?
- ☐ Where applicable, are significant variances in expenditures, such as lapses or unanticipated changes in unexpended balance carry-forwards, addressed in the comments section?
- ☐ Did the agency use supplemental materials to prepare the Base Reconciliation that might assist the LBB and the Office of the Governor, Budget Division, analysts in reviewing the Base Reconciliation (e.g., budgets or year-to-date expenditures)?
- ☐ Has fiscal year 2017 been adjusted as a transfer for 2016–17 GAA, Article IX, Section 18.02, Appropriation for a Salary Increase for General State Employees?